

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1847-01
Bill No.: HB 561
Subject: Architects; Contracts and Contractors; Engineers; Public Buildings
Type: Original
Date: March 11, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development – Division of Professional Registration** and the **Department of Transportation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Secretary of State's Office (SOS)** state the Division of Design and Construction (Division) could promulgate rules to implement this proposal. SOS estimates, based on experience with other divisions, the rules, regulations and forms issued by the Division could require as many as 20 pages in the Code of State Regulations (Code). For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code is \$27. SOS estimates costs of \$1,230 in FY 2004.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Officials from the **Office of Administration – Division of Design and Construction (DDC)** state the proposal would have no fiscal impact on their office. DDC assumes any costs associated with design/build in the form of stipends or otherwise will be more than offset by savings in the project costs.

Oversight assumes combining the design and construction of a facility into one contract may affect the total cost of the project. Savings could be realized since one "design-builder" is responsible for the total project, and the DDC would not have to contract out the design and construction functions separately. However, **Oversight** further assumes there may be additional costs associated with this proposal, as it requires the DDC to pay a stipend to each unsuccessful proposer in return for their rights in the design. Because design-builders may choose to forfeit this fee to retain the rights to their design, the costs for these fees cannot be estimated.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006 (6 Mo.)
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GENERAL REVENUE

<u>Savings</u> - Due to design-build contracts	Unknown	Unknown	Unknown
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<u>Costs</u> - Stipend for rights to designs	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Unknown</u> <u>to (Unknown)</u>	<u>Unknown</u> <u>to (Unknown)</u>	<u>Unknown</u> <u>to (Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may affect small businesses as it may decrease the number of businesses capable of bidding on both the design and construction of a facility.

DESCRIPTION

This proposal authorizes the Division of Design and Construction to institute a pilot program whereby the "design-build" procurement process may be utilized. The Division may use the design-build process for up to four projects with a projected cost of \$5 million or less and four projects with a cost of more than \$5 million. The Director must submit ongoing progress reports to the General Assembly at each regular session during the course of the pilot program. In addition, the Director shall present a final detailed report of all completed design-build projects to the General Assembly completed each year during the pilot program. Such final reports shall contain an assessment of the advantages and disadvantages of the design-build process relative to the traditional design-bid-build procurement process on such completed projects.

The Division may adopt regulations pursuant to chapter 36, RSMo, for the conduct of the design-build process. The Division may hire a consultant to prepare proposals, review documents, decide disputes and make inspections. Design-build proposals are evaluated by a team composed of at least two representatives of the Division, two representatives of the agency that is to use the finished building and a chairman appointed by the Director of the Division.

The Division shall pay a reasonable stipend, the amount of which shall be established in the request for proposal, to each prequalified design-build proposer whose proposal is responsive but not accepted. Upon payment of the stipend to any unsuccessful proposer, the state shall acquire a nonexclusive right to use the design submitted. If the proposer desires to retain all rights and interest in the design proposed, the bidder shall forfeit the stipend.

The provisions of this proposal expire on December 31, 2005.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of Administration – Design and Construction
Department of Economic Development
Department of Transportation
Secretary of State's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director

March 11, 2002